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INTRODUCTION
FOR
NATIONAL CORRECT CODING INITIATIVE POLICY MANUAL
FOR MEDICARE SERVICES

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Introduction

On December 19, 1989, the Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239) was enacted. Section 6102 of P.L. 101-239 amended Title XVIII of the Social Security Act (the Act) by adding a new section 1848, Payment for Physicians' Services. This section of the Act provided for replacing the previous reasonable charge mechanism of actual, customary, and prevailing charges with a resource-based relative value scale (RBRVS) fee schedule that began in 1992.

With the implementation of the Medicare Physician Fee Schedule, it was important to assure that uniform payment policies and procedures were followed by all carriers so that the same service was paid similarly in all carrier jurisdictions. Accurate coding and reporting of services by physicians was a major aspect of assuring proper payment.

Purpose

The Centers for Medicare and Medicaid Services (CMS) developed the National Correct Coding Initiative (NCCI) to promote national correct coding methodologies and to control improper coding that leads to inappropriate payment in Part B claims. The coding policies are based on coding conventions defined in the American Medical Association's *Current Procedural Terminology (CPT) Manual*, national and local Medicare policies and edits, coding guidelines developed by national societies, standard medical and surgical practice, and/or current coding practice.

Although the NCCI was initially developed for use by Medicare Carriers to process Part B claims, many of the edits were added to the Outpatient Code Editor (OCE) in August, 2000, for use by Fiscal Intermediaries to process Part B outpatient hospital services. Some of the edits applied to outpatient hospital claims through OCE differ from the comparable edits in NCCI. Effective January 2006, all therapy claims paid by Fiscal Intermediaries were subject to NCCI edits in the OCE.

In this Manual many policies are described utilizing the term "physician". Unless indicated differently the usage of this term

does not restrict the policies to physicians only but applies to all practitioners, hospitals, providers, or suppliers eligible to bill the relevant HCPCS/CPT codes pursuant to applicable portions of the Social Security Act (SSA) of 1965, the Code of Federal Regulations (CFR), and Medicare rules. In some sections of this Manual, the term "physician" would not include some of these entities because specific rules do not apply to them. For example, Anesthesia Rules and Global Surgery Rules do not apply to hospitals.

CPT codes representing services denied based on NCCI edits may not be billed to Medicare beneficiaries. Since these denials are based on incorrect coding rather than medical necessity, the provider cannot utilize an "Advanced Beneficiary Notice" (ABN) form to seek payment from a Medicare beneficiary. Furthermore, since the denials are based on incorrect coding rather than a legislated Medicare benefit exclusion, the provider cannot seek payment from the beneficiary with or without a "Notice of Exclusions from Medicare Benefits" (NEMB) form.

Correct Coding

Procedures should be reported with the HCPCS/CPT codes that most comprehensively describe the services performed. Unbundling occurs when multiple procedure codes are billed for a group of procedures that are covered by a single comprehensive code.

Two types of practices lead to unbundling. The first is unintentional and results from a misunderstanding of coding. The second is intentional and is used by providers to manipulate coding in order to maximize payment.

Correct coding requires reporting a group of procedures with the appropriate comprehensive code. Examples of unbundling are described below:

- Fragmenting one service into component parts and coding each component part as if it were a separate service: For example the correct CPT comprehensive code to use for upper gastrointestinal endoscopy with biopsy of stomach is CPT code 43239. Separating the service into two component parts, using CPT

code 43235 for upper gastrointestinal endoscopy and CPT code 43600 for biopsy of stomach is inappropriate.

- Reporting separate codes for related services when one combined code includes all related services: An example of this type of unbundling is coding a vaginal hysterectomy with bilateral salpingo-oophorectomy as a vaginal hysterectomy (CPT 58290) with salpingectomy (CPT code 58700) and oophorectomy (CPT code 58940) rather than using the combined CPT code 58291 which includes all three related services.

- Breaking out bilateral procedures when one code is appropriate: For example, bilateral mammography is coded correctly using CPT code 76091 rather than incorrectly submitting CPT code 76090-RT for right mammography and CPT code 76090-LT for left mammography.

- Downcoding a service in order to use an additional code when one higher level, more comprehensive code is appropriate: A laboratory should bill CPT code 80048, (Basic metabolic panel), when coding for a calcium, carbon dioxide, chloride, creatinine, glucose, potassium, sodium, and urea nitrogen performed as automated multichannel tests. It would be inappropriate to report CPT codes 82310, 82374, 82435, 82565, 82947, 84132, 84295 and/or 84520 in addition to the CPT code 80048 unless one or more of these laboratory tests was performed at a different time of day to obtain follow-up results, in which case a modifier -91 would be utilized.

- Separating a surgical access from a major surgical service: For example, a provider should not bill CPT code 49000 (exploratory laparotomy) and CPT code 44150 (total abdominal colectomy) for the same operation because the laparotomy with exploration of the surgical field (CPT code 49000) is included in the total abdominal colectomy (CPT code 44150).

Policy Manual Conditions and Format

The *National Correct Coding Initiative Policy Manual for Medicare Services* and edits have been developed for application to services billed by a single provider for a single patient on the same date

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of service.

It is important to recognize that the National Correct Coding Initiative represents a more comprehensive approach to unifying coding practices than the previous "rebundling" program instituted by CMS, formerly HCFA, in 1991. An understanding of the general policies is necessary to understand the different types of code pair edits that are listed in the Initiative.

The *National Correct Coding Initiative Policy Manual for Medicare Services* and edits were initially based on evaluation of procedures referenced in the 1994 *CPT Manual* and HCPCS Level II codes. An ongoing refinement program has been developed to address annual changes in CPT codes and instructions, either additions, deletions, or modifications of existing codes or instructions. Additionally, ongoing changes occur based on changes in technology, standard medical practice, and input from the AMA, specialty societies, Medicare contractor medical directors and staff, providers, consultants, etc.

The *National Correct Coding Initiative Policy Manual for Medicare Services* includes a Table of Contents, an Introduction, and 13 narrative chapters. As shown in the Table of Contents, each chapter corresponds to a separate section of the *CPT Manual* except Chapter I which contains general correct coding policies, Chapter XII which addresses HCPCS Level II codes, and Chapter XIII which addresses Category III codes. Each chapter is subdivided by subject to allow easier access to a particular code or group of codes.

This policy manual in general utilizes paraphrased descriptions of CPT and HCPCS Level II codes. The user of this manual should refer to the AMA's *Current Procedural Terminology (CPT) Manual* and CMS's HCPCS Level II code descriptors for complete definitions of the codes.

This policy manual and the edits were developed for the purpose of encouraging consistent and correct coding and of controlling inappropriate payment. The edits and policies do not include all possible combinations of correct coding edits or types of unbundling that exist. Providers are obligated to code correctly

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even if edits do not exist to prevent use of an inappropriate code combination.

Edit Development and Review Process

The NCCI undergoes constant refinement publishing four versions annually. Medicare Carriers implement the versions effective January 1, April 1, July 1, and October 1. Medicare Fiscal Intermediaries also implement four annual versions of NCCI in OCE on January 1, April 1, July 1, and October 1. Changes appearing in the NCCI edits for Medicare Carriers appear in OCE one quarter later. Changes in NCCI come from three sources: (1) additions, deletions or modifications to CPT or HCPCS Level II codes or *CPT Manual* instructions; (2) CMS policy initiatives; and (3) comments from the AMA, national or local medical/surgical societies, Medicare contractor medical directors and staff, providers, billing consultants, etc.

CMS notifies the AMA and national medical/surgical societies of the quarterly changes in NCCI. Additionally, CMS seeks comment from national medical/surgical societies before implementing many types of changes in NCCI. Although national medical/surgical societies generally agree with changes CMS makes to NCCI, CMS carefully considers those adverse comments received. When CMS decides to proceed with changes in NCCI contrary to the comments of national medical/surgical societies, it does so after due consideration of those comments and other information available to CMS.

Sources of Information about NCCI

The CMS website contains:

- 1) a copy of the *National Correct Coding Initiative Policy Manual for Medicare Services*
(<http://www.cms.hhs.gov/NationalCorrectCodInitEd/>);
- 2) a listing of all NCCI edits utilized by Medicare Carriers
(<http://www.cms.hhs.gov/NationalCorrectCodInitEd/NCCIEP/>);
- 3) a listing of all NCCI edits utilized by Fiscal

Intermediaries in the Outpatient Code Editor (OCE)
([http://www.cms.hhs.gov/NationalCorrectCodInitEd/
NCCIEHOPPS/](http://www.cms.hhs.gov/NationalCorrectCodInitEd/NCCIEHOPPS/));and
4) NCCI Questions and Answers
(<http://www.cms.hhs.gov/NationalCorrectCodInitEd/>).

Correspondence to CMS about NCCI and its Contents

The NCCI is maintained for CMS by Correct Coding Solutions, LLC. If the user of this manual has concerns regarding the content of the edits or this manual, an inquiry may be submitted in writing to:

National Correct Coding Initiative
Correct Coding Solutions LLC
P.O. Box 907
Carmel, IN 46082-0907
Fax number: (317) 571-1745

CMS makes all decisions about the contents of NCCI and this manual. Correspondence from Correct Coding Solutions, LLC reflects CMS's policies on coding and NCCI.